

# CT CLSA GILT EDGED FUND



**ANNUAL REPORT AND AUDITED  
ACCOUNTS**

**FOR THE PERIOD ENDED 31ST MARCH 2025**

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## **CORPORATE INFORMATION**

### **TRUSTEE & CUSTODIAN**

Hatton National Bank PLC  
HNB Towers, 479, T B Jayah Mawatha,  
Colombo 10.

### **MANAGING COMPANY & REGISTRAR**

CT CLSA Asset Management (Pvt) Ltd  
04th Floor, Majestic City,  
No. 10, Station Road, Colombo 04  
Tel: 0115759571 Fax: 0112506347  
Web: [www.ctclsa.lk](http://www.ctclsa.lk)

### **AUDITORS**

Nihal Hettiarachchi & Company  
“RNH House”, 622B Kotte Road  
Kotte

### **BANKERS**

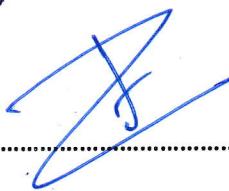
Hatton National Bank PLC  
HNB Towers, 479, T B Jayah Mawatha,  
Colombo 10.

## Declaration By Trustees and Management Company

*Declaration by Trustees and Managing Company as per SEC Circular No: 02/2009 on Guidelines for Trustees and Managing Companies of Collective Investment Schemes.*

Hatton National Bank PLC, the Trustee and CT CLSA Asset Management (Pvt) Ltd the Managers of **CT CLSA Gilt Edged Fund**, hereby declare that

1. The requirements of the Guidelines for Trustees and Managing Companies of Collective Investment Schemes set by the Securities and Exchange Commission of Sri Lanka have been complied with during the year.
2. The transactions were and will be carried out at an arm's length basis and on terms which are best available for the fund, as well as act, at all times, in the best interest of the fund's unit holders.



Director  
Management Company



Director  
Management Company



HATTON NATIONAL BANK  
Custody and  
Trustee Services

Trustee of the Fund

## **FUND MANAGER'S REVIEW**

# FUND MANAGER REPORT

## Gilt Edged Fund

Dear Investor,

We take pleasure in presenting the Annual Report of CT CLSA Gilt Edged Fund for the year ended 31<sup>st</sup> March 2025.

The Net Asset Value per unit of your Fund appreciated by 8.28% during the financial year ended 31<sup>st</sup> March 2025 (FY25) compared to 18.87% during the twelve months ended 31<sup>st</sup> March 2024. Consequently, the Net Asset Value per unit as of 31<sup>st</sup> March 2025 was LKR 17.17

### Economic Review

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After two consecutive years of contractions, the Sri Lankan economy returned to growth in 2024 aided by a low base effect and the continuation of accommodative monetary policy by the Central bank of Sri Lanka. Resultantly, the Sri Lankan economy recorded a growth of +5.0%<sup>2</sup> in 2024 compared to the contraction of -2.3%<sup>2</sup> recorded in the preceding year. The growth in real GDP was broad based with all three sectors of the economy witnessing YoY growth.

	2022		2023		2024	
	% Growth	% of GDP	% Growth	% of GDP	% Growth	% of GDP
<b>Agriculture</b>	-4.1	7.5	1.6	7.8	1.2	7.5
<b>Industry</b>	-16.0	27.2	-9.2	25.3	11.0	26.7
<b>Services</b>	-2.6	59.3	-0.2	60.7	2.4	59.2
<b>GDP</b>	<b>-7.3</b>		<b>-2.3</b>		<b>5.0</b>	

*Source: Statistics Department*

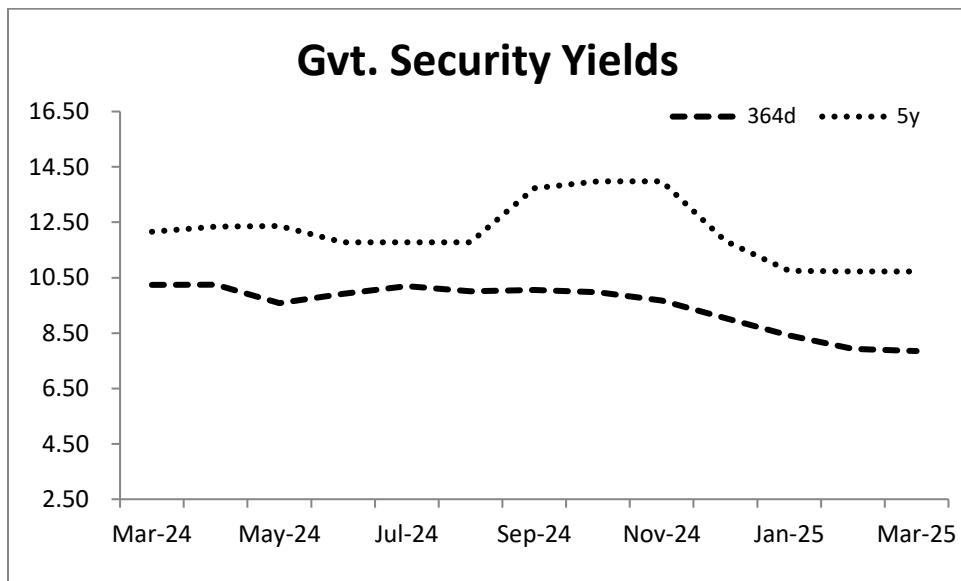
As per the World Economic Outlook (WEO) of the International Monetary Fund (IMF), global growth is projected to decelerate to 2.8%<sup>3</sup> in 2025E before improving to 3.0%<sup>3</sup> in 2026E amid uncertainties introduced by the trade and tariff policies of the new US administration and heightened geopolitical tensions in the middle east and other parts of the world.

## Interest Rate Environment

	Mar-24	Jul-24	Nov-24
<b>SDFR (%)</b>	8.50	8.25	
<b>SLFR (%)</b>	9.50	9.25	
<b>SRR (%)</b>	2.00	2.00	2.00

*Source: CBSL*

The Central Bank of Sri Lanka continued its accommodative monetary policy stance in FY25 as price pressures subsided amid a higher base effect, benign commodity prices and administrative price cuts although consumer demand witnessed a gradual uptick aided by a recovering economy. Meanwhile, healthy levels of banking sector liquidity supported lower yields. Private Sector credit growth momentum continued to strengthen MoM throughout FY25 and recorded a +14.0% YoY<sup>1</sup> growth in March 2025 as single digit lending rates gradually increased demand for fresh credit.



*Source: CBSL*

	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25	Mar-25
<b>Pvt. Sector Credit Growth (%)</b>	9.2	9.5	10.7	11.4	12.8	14.0

*Source: CBSL*

## External Trade

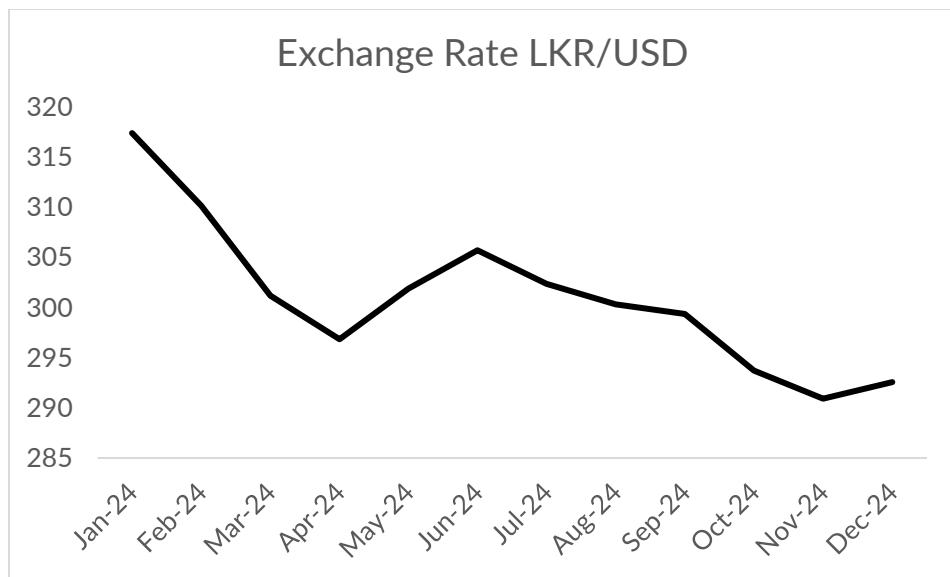
Merchandise Trade deficit widened in 2024 to more than USD 6bn<sup>1</sup> as the growth in imports outpaced the growth in exports. Industrial exports grew +7.2%<sup>1</sup> YoY in 2024 aided by an improvement in the exports of petroleum products (+97.2%) likely due to increased bunker fuel demand arising from the Red sea crisis. Additionally, Food, beverages and tobacco sector also contributed double digit growth to the exports basket whilst the country's largest export sector, apparel and textiles, grew a modest +4.9%. Consumer goods and Investment goods imports posted healthy double-digit growth of +13.9% and +25.6%, respectively amid improved disposable incomes and higher economic activity. Despite the widening of the merchandise trade deficit, the economy recorded a current account surplus for 2024 amid improved tourism earnings (+53.2%) and higher contributions from Sri Lankans working abroad (+10.1%).

(In US \$Mn)	2023	2024	YoY Growth (%)	Oct-24	Nov-24	Dec-24
Exports	11,911	12,772	7.2%	1,158	994	1,102
Imports	16,811	18,841	12.1%	1,702	1,496	1,924
<b>Trade Balance</b>	<b>-4,900</b>	<b>-6,069</b>		<b>-544</b>	<b>-502</b>	<b>-823</b>
Worker's Remittances	5,970	6,575	10.1%	588	530	614
Tourism	2,068	3,169	53.2%	186	273	362
<b>Current Account Balance</b>	<b>1,440</b>	<b>1,316</b>	<b>-8.6%</b>	<b>109</b>	<b>167</b>	<b>-509</b>

*Source: CBSL*

## Exchange Rate Environment

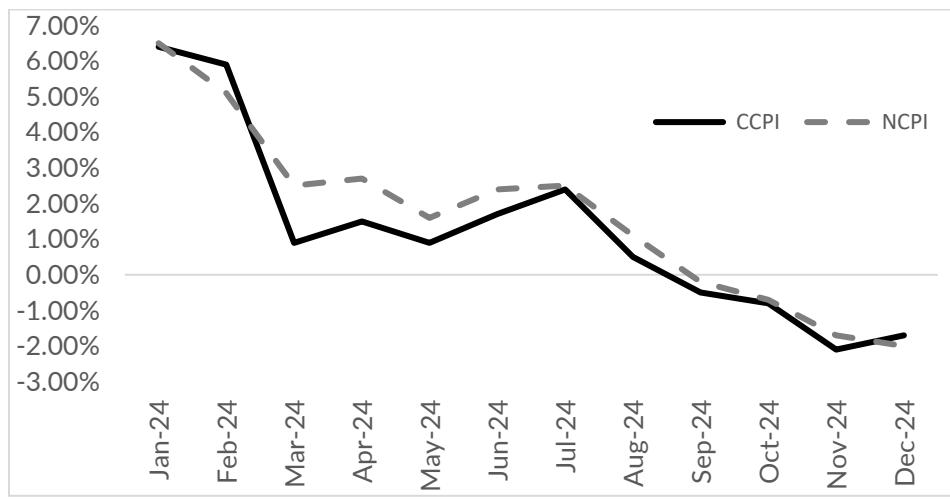
On the back of a double-digit appreciation in 2023, LKR continued to strengthen +10.7%<sup>1</sup> YoY to Rs.292.58 as of 31<sup>st</sup> December 2024 amid improved macro and political stability. The strength in LKR was despite record buying of USD by the Central Bank of Sri Lanka in 2024 as a part of its reserve building targets under the ongoing IMF program. Resultantly, the gross official reserves improved to an estimated US6.3\$bn<sup>1</sup> as of end May 2025 (Including a PBoC Swap that has conditionality on usability).



*Source: CBSL*

### Inflation

The Headline inflation, as measured by the year-on-year change in the Colombo Consumer Price Index (CCPI, 2021=100) and the National Consumer Price Index (NCPI, 2021=100), continued to decelerate in 2024, reaching deflationary conditions in September 2024. Administrative price cuts on energy, appreciation of the LKR and lower fuel prices tamed inflationary pressures despite a rebound in economic activity. Headline inflation is expected to gradually rise towards Central Bank of Sri Lanka's medium-term target of 5.0% in 2H2025E (-0.7%<sup>2</sup> in May 2025; CCPI, 2021=100)



*Source: CBSL*

## **Fiscal Accounts**

Fiscal revenue reached Rs.4tn<sup>4</sup> (13.5% of GDP) recording a growth of +32.2%<sup>4</sup> YoY as indirect taxes such as value added tax and excise duties grew significantly on the back of increased economic activities. Taxes on income improved YoY aided by higher corporate profitability and better tax revenue collection/administration. The aforementioned revenue raising measures enabled the government of Sri Lanka to meet IMF's quantitative performance targets in terms of tax revenue collection and primary surplus for 2024. Recurrent expenditure as a % of GDP increased marginally to 17.9%<sup>4</sup> as interest expenditure rose +9.5%<sup>4</sup> YoY and subsidies and transfers saw a notable YoY pickup. However, government spending on capex continued to remain lackluster accounting for only 2.7% of GDP. As per the third review of the IMF, government revenue to GDP is projected to rise to 15.1%<sup>3</sup> and 15.3%<sup>3</sup> by 2024 and 2025, respectively, predominantly aided by the lifting of import bans on motor vehicles.

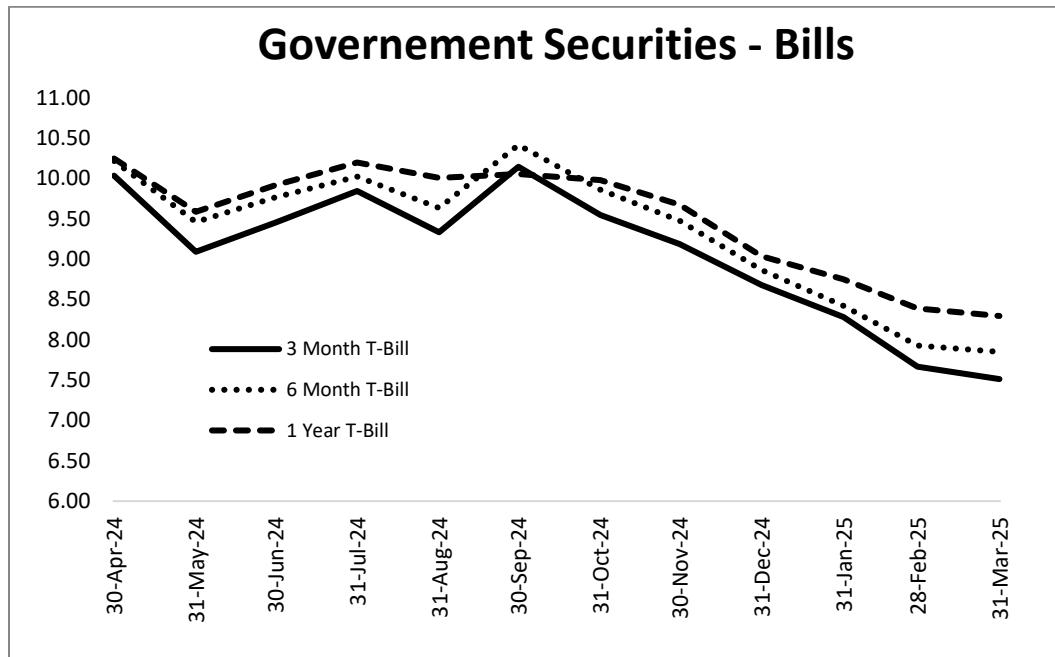
Item	2022	2023	2024 (Provisional)	2025 (Estimates)
	LKR Bn	LKR Bn	LKR Bn	LKR Bn
<b>Total Revenue</b>	2,013	3,074	4,091	4,990
<b>As a % of GDP</b>	<b>8.3</b>	<b>11.1</b>	<b>13.6</b>	<b>15.1</b>
Total Expenditure	4,472	5,357	6,131	7,190
<b>Primary Surplus / (Deficit)</b>	<b>-895</b>	<b>173</b>	<b>650</b>	<b>750</b>
<b>As a % of GDP</b>	<b>-3.7</b>	<b>0.6</b>	<b>2.2</b>	<b>2.3</b>

*Source : Ministry of Finance*

## **Government Securities Market**

The Central Bank of Sri Lanka (CBSL) maintained its accommodative monetary policy stance throughout FY25 as inflationary pressures remained under control. Limited upside risks to inflation aided by administrative price cuts allowed the CBSL to use its monetary tools to stimulate economic growth and revive credit demand in the economy. The CBSL delivered a total of 50bps in policy rate reductions during FY25 whilst keeping the SRR unchanged. It also shifted to a single overnight policy rate in November 2024 in order to improve the signaling effect of policy rates. Meanwhile, implementation of fiscal based revenue consolidation measures and improved foreign exchange inflows in the forms of

worker remittances and tourism receipts also aided domestic money market liquidity. Reflective of lower policy interest rates and improved money market liquidity, deposit and lending rates adjusted downwards



Source: CBSL

Resultantly, Weighted Average Yield Rates (WAYR) of the 91, 182, and 364 days treasury bills declined to 7.50%, 7.84% and 8.25% at the primary auctions as of end March 2025 reflecting a notable YoY reduction. Meanwhile, 2 year and 5 year bonds recorded average yields of 8.79% and 10.34% in the secondary market as of end March 2025.

Tenure of the T Bonds	Yield as at 31 Mar 2024	Yield as at 30 Sep 2024	Yield as at 31 Mar 2025
2 Years	10.79	10.61	8.79
5 Years	12.28	12.73	10.34

Source: CBSL

### Asset Allocation & Duration of the Portfolio

The fund maintained its strategy of investing in short term Repurchase Agreements in FY25 in order to secure consistent returns whilst protecting its unitholders from heightened market volatility.

## Fund Performance

The fund generated an after-tax income of **LKR 29mn** for the Financial Year ended 31<sup>st</sup> March 2025.

Annual Performance				
Period	FY25	FY24	FY23	FY22
Performance	8.28%	18.87%	21.60%	4.49%

## Expectations, Outlook and Strategy

We believe that most of the downward shift in G-sec yields has already materialized and expect interest rates to remain broadly stable in the near term. As per the projections of the Central Bank of Sri Lanka, inflation is expected to turn positive in 3Q2025 before gradually aligning towards its medium term target of 5%. In addition to low policy rates, cash buffers built at the treasury and improved money market liquidity have allowed the Central Bank of Sri Lanka to raise funds at primary auctions without significant interest rate pressures. We remain reasonably confident that the Central Bank of Sri Lanka will execute its flexible inflation targeting regime by anchoring inflation expectations to the desired 5% levels in the near to medium term. However, downside risks to our forecast remain in the form of widespread geopolitical tensions which have occasionally caused volatility in crude oil prices and possible depreciation of the currency (amid repayment of external debt and a revival in import demand for consumer goods including motor vehicles) which may put upward pressure on inflation readings. The fund will remain invested in short term repurchase agreements until upward interest rate pressures create attractive entry points into long term government securities.

## Sources

<sup>1</sup> The Central Bank of Sri Lanka ([www.cbsl.gov.lk](http://www.cbsl.gov.lk))

<sup>2</sup> The Department of Census and Statistics ([www.census.gov.lk](http://www.census.gov.lk))

<sup>3</sup> International Monetary Fund ([www.imf.org](http://www.imf.org))

<sup>4</sup>Finance, Planning and Economic Development ([www.treasury.gov.lk](http://www.treasury.gov.lk))

**FINANCIAL STATEMENTS  
31ST MARCH 2025**

# CT CLSA GILT EDGED FUND

FINANCIAL STATEMENTS - 31ST MARCH, 2025

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## INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CT CLSA GILT EDGED FUND

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of **CT CLSA Gilt Edged Fund.**, (the Fund), which comprise the statement of financial position as at March 31, 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Fund as at March 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with Sri Lanka Accounting Standards.

#### Basis for Opinion

We conducted our audit in accordance with Sri Lanka Auditing Standards (SLAuSs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the fund in accordance with the Code of Ethics for Professional Accountants issued by CA Sri Lanka (Code of Ethics) and we have fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Dinuk Hettiarachchi FCA, FCMA (SL & UK), FCPA (AUS)  
Tax Director :  
Dinusha Ilankoon BB.Mgt Accountancy(Sp),CTA

Erandi Weerasuriya FCA, BSc (Mgt.Pub)Sp,  
Nadeeka Suranjanaka ACA, Bsc(Acc)Sp.

www.nh-co.lk



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AND ACCOUNTING NETWORK

## Other Information

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with Sri Lanka Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Fund's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SLAuSs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SLAuSs, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls of the Fund.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

### Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

The financial statements have been prepared and presented in accordance with and comply with the requirements of the Unit Trust Deed and Collective Investment Scheme Code of Securities and Exchange Commission of Sri Lanka.

COLOMBO,  
July 21, 2025

*Nihal Hettiarachchi & Co.*

NIHAL HETTIARACHCHI & CO.,  
Chartered Accountants

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH**

	NOTES	2025 Rs.	2024 Rs.
<b>INVESTMENT INCOME</b>			
Interest income	(05)	31,994,246	22,520,254
Net investment income		31,994,246	22,520,254
<b>OPERATING EXPENDITURE</b>	(06)	(2,637,987)	(975,487)
<b>Net Operating Profit Before Taxation</b>		29,356,259	21,544,767
Income tax expense	(07)	-	-
<b>Increase in net assets attributable to unit holders</b>		29,356,259	21,544,767
Other comprehensive income / (expenses)		-	-
<b>Total comprehensive income for the year</b>		29,356,259	21,544,767



Figures in brackets indicate deductions.

The accounting policies and notes from 6 to 25 form an integral part of these financial statements.

**STATEMENT OF FINANCIAL POSITION  
AS AT 31ST MARCH**

	NOTES	2025 Rs.	2024 Rs.
<b>ASSETS</b>			
Cash and cash equivalents	(08)	820,731	328,689
Financial assets - at amortized cost	(09)	25,803,882	100,725,918
<b>Total Assets</b>		<b>26,624,613</b>	<b>101,054,607</b>
<b>LIABILITIES AND UNIT HOLDERS' FUNDS</b>			
<b>Liabilities</b>			
Accrued expenses and other payables	(10)	351,171	439,443
<b>Total liabilities</b>		<b>351,171</b>	<b>439,443</b>
<b>Unit holders' funds</b>			
Net assets attributable to unit holders		26,273,442	100,615,164
<b>Total unit holders' funds and liabilities</b>		<b>26,624,613</b>	<b>101,054,607</b>

The Management Company is responsible for the preparation and presentation of these financial statements and these financial statements were approved by the Board of Directors of the Management Company. Signed for and on behalf of the Management Company and Trustee.



Director  
(Management Company)



Director  
(Management Company)



Trustee  
(HNB Bank PLC)

July 21, 2025

The accounting policies and notes from 6 to 25 form an integral part of these financial statements.

**STATEMENT OF CHANGES IN UNIT HOLDERS' FUNDS  
FOR THE YEAR ENDED 31 MARCH**

	Unit capital Rs.	Retained Earnings Rs.	Total Equity Rs.
<b>Balance as at 01 April 2023</b>	(14,672,356)	152,225,622	137,553,266
Increase due to unit creation during the year	5,459,401	-	5,459,401
Decrease due to unit redemption during the year	(63,942,270)	-	(63,942,270)
Increase in net assets attributable to unit holders	-	21,544,767	21,544,767
<b>Balance as at 31 March 2024</b>	<b>(73,155,225)</b>	<b>173,770,389</b>	<b>100,615,164</b>
<b>Balance as at 01 April 2024</b>	<b>(73,155,225)</b>	<b>173,770,389</b>	<b>100,615,164</b>
Increase due to unit creation during the year	1,615,298,036	-	1,615,298,036
Decrease due to unit redemption during the year	(1,718,996,017)	-	(1,718,996,017)
Increase in net assets attributable to unit holders	-	29,356,259	29,356,259
<b>Unit holders' funds as at 31 March 2025</b>	<b>(176,853,206)</b>	<b>203,126,648</b>	<b>26,273,442</b>

Figures in brackets indicate deductions.

The accounting policies and notes from 6 to 25 form an integral part of these financial statements.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH**

	2025 Rs.	2024 Rs.
<b>Cash flows from operating activities</b>		
Interest received	33,116,281	22,186,217
Net investments in repurchase agreements	73,800,000	35,900,000
Fees and expenses paid	(2,726,258)	(1,263,443)
<b>Net cash flow generated from operating activities</b>	<b>104,190,023</b>	<b>56,822,774</b>
<b>Cash flows from financing activities</b>		
Amount received on unit creations	1,615,298,036	5,459,401
Amount paid on unit redemptions	(1,718,996,017)	(63,942,270)
<b>Net cash flow used in financing activities</b>	<b>(103,697,981)</b>	<b>(58,482,869)</b>
Net increase / (decrease) increases in cash and cash equivalents	492,042	(1,660,095)
Cash and cash equivalents at the beginning of the financial year	328,689	1,988,784
<b>Cash and cash equivalents at the end of the financial year</b>	<b>820,731</b>	<b>328,689</b>



Figures in brackets indicate deductions.

The accounting policies and notes from 6 to 25 form an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### (01) GENERAL INFORMATION

CT CLSA Gilt Edged Fund {Formerly Known as Comtrust Gilt Edged Fund} is an open-ended Collective Investment Scheme (CIS), approved by the Securities and exchange Commission of Sri Lanka. The fund was launched on 01 March 2013

CT CLSA Asset Management (Pvt) Ltd (Former name - Comtrust Asset Management (Pvt) Ltd) is the managing company of CT CLSA Gilt Edged Fund while Hatton National Bank has been appointed as the Trustee, from 31<sup>st</sup> January 2019.

The registered office and place of business of the Collective Investment Scheme (CIS), is located at 4-15, Majestic City, 10, Station Road, Colombo 4.

The principal place of operations of the Trustee, Hatton National Bank PLC, a bank duly incorporated in the said Republic of Sri Lanka at 479 T. B. Jayah Mawatha, Colombo 01.

#### 1.1. Principal activities

The CT CLSA Gilt Edged Fund (Formally – Comtrust Gilt Edged Fund) is an Open-Ended Money Market Fund investing in Government Securities, Investment Grade Short Term Corporate Debt & Bank Deposits.

#### 1.2. Date of authorization for issue

The financial statements of the fund for the year ended 31 March 2025 was authorized for issue by the Fund Management company and the Trustee on 21<sup>st</sup> July, 2025.

### (02) BASIS OF PREPARATION

#### a) Statement of compliance

The financial statements which comprise the statement of financial position as at 31 March 2025, statement of profit or loss and other comprehensive income, statement of in net assets attributable to unit holders and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information have been prepared and presented in accordance with Sri Lanka Accounting Standards and the requirements of the Trust Deed and Collective Investment Scheme (CIS) Code of 2022.

#### (a) Accounting Standards and amendments to existing standards effective for the year ended 31.03.2025 and Accounting Standards issued but not yet effective as of the reporting date 31.03.2025

- i. There are no standards, amendments to standards, or interpretations effective for the year ended 31.03.2025 that have a material impact on the financial statements of the fund.
- ii. There are no new standards, amendments to standards, or interpretations issued but not yet effective that would have an impact on the financial statements of the fund.

Notes to the financial statements continued on page 7.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (02) BASIS OF PREPARATION (CONTINUED)

#### b) Basis of measurement

The financial statements have been prepared on the historical cost basis and applied consistently with no adjustments being made for inflationary factors affecting the financial statements

#### c) Statement of cash flows

The statement of cash flows has been prepared using the “Direct Method” of preparing cash flows in accordance with the Sri Lanka Accounting Standard LKAS 7 – “Statement of Cash Flows”. Cash and cash equivalents comprise short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

#### d) Functional and presentation currency

The financial statements are presented in Sri Lankan Rupees, which is the Collective Investment Scheme's (CIS), functional currency.

#### e) Comparative information

The comparative information is re-classified wherever necessary to conform with the current year's classification in order to provide a better presentation. The details of such re-classifications have been provided in the notes to the financial statements.

#### f) Use of estimates and judgments

The preparation of financial statements in conformity with the Sri Lanka Accounting Standards requiring management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are described in the relevant Notes as follows

- Recognition and measurement of financial instruments (Note 4.1.1)
- Identification, measurement and assessment of impairment (Note 4.1.2)

#### g) Going concern

The management has made an assessment of the Collective Investment Scheme's (CIS), ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the unit trust's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Notes to the financial statements continued on page 8.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (03) MATERIALITY AND AGGREGATION

Each material class of similar item is presented separately in the financial statements. Items of dissimilar nature or function are presented separately unless they are immaterial.

### (04) SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently throughout the period of financial statements, unless otherwise indicated.

#### a) Financial instruments – initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity

#### 4.1 Financial assets

##### 4.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial assets contractual cash flow characteristics and the unit trust business model for managing them. At initial recognition, the Fund measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the statement of profit or loss.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Collective Investment Scheme's (CIS), business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e, the date that the Unit trust commits to purchase or sell the asset.

Notes to the financial statements continued on page 9.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 4.1 Financial assets (Continued)

##### 4.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

##### Financial assets at amortized cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Collective Investment Scheme's (CIS), financial assets at amortised cost includes fixed deposits, commercial papers and repurchase agreements.

##### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognized in the statement of profit or loss.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Collective Investment Scheme's (CIS), statement of financial position) when:

- The rights to receive cash flows from the asset have expired  
Or
- The Collective Investment Scheme (CIS), has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to third party under a 'pass-through' arrangement; and either (a) the unit trust has transferred substantially all the risks and rewards of the asset, or (b) the unit trust has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Notes to the financial statements continued on page 10.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 4.1 Financial assets (Continued)

##### 4.1.3. Impairment

The Collective Investment Scheme (CIS), recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ELCs are based on difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12 month ECL). For those credit exposures from which there has been significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Collective Investment Scheme (CIS), uses the ratings from either Fitch Ratings Lanka Limited or ICRA Lanka Limited as applicable to determine the significant deterioration in credit risk and to estimate the ECLs.

Consistent with the policies of the Fund, investments when rated below BBB- are considered as non-investment grade investments and the Fund considers such investments as having incurred significantly deteriorated credit risk. Such investments are considered for life time ECL calculation.

Further, movements within the ratings of the investment grade stipulate significant deterioration of credit risk. Significant deterioration is measured through a two notches downgrade of the external credit rating of the counterparty since the origination of the instrument.

For debt instruments at Amortized cost, the unit trust applies the low credit risk simplification. At every reporting date, the unit trust evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making the evaluation, the unit trust reassesses the external credit rating of the debt instrument. In addition, the Collective Investment Scheme (CIS), considered that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

It is the Collective Investment Scheme's (CIS), policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the Fitch Rating Lanka Limited or ICRA Lanka both to determine whether the debt instruments has been significantly increased in credit risk and to estimate ECLs.

Notes to the financial statements continued on page 11.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 4.1 Financial assets (Continued)

##### 4.1.3. Impairment (Continued)

###### b) Dividend payable

Dividend payable is recognized at the time the dividend recommended and declared by the board of Directors.

###### c) Provision

A provision is recognized if, as a result of a past event, the unit trust has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

###### d) Commitment and contingencies

All discernible risks are accounted for in determining the amount of all known liabilities.

Contingent liabilities are possible obligation whose existence will be confirmed only by uncertain future events or present obligation where the transfer of economic benefits is not probable or cannot be reliably measured. Contingent liabilities are not recognised in the statement of financial position but are disclosed unless they are remote.

###### e) Interest

Interest income and expenses are recognized in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discount the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. When calculating the effective interest rate, the unit trust estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

Interest income and expenses presented in the statement of comprehensive income include interest on financial asset and financial liabilities measured at amortised cost calculated on an effective interest basis and fair value changes in qualifying derivatives.

Fair value changes on all other financial assets and liabilities carried at fair value through profit or loss, are presented in net trading income in the statement of comprehensive income.

###### f) Expenses

All expenses, including management fees and trustee fees, are recognized in profit or loss on accruals basis.

Notes to the financial statements continued on page 12.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 4.1 Financial assets (Continued)

##### 4.1.3. Impairment (Continued)

###### g) Income tax expenses

According to the provision of the Inland Revenue Act No.24 of 2017 (with effect from 01 April 2018), if the unit trust conducts an eligible investment business, it will be treated as “pass-through vehicle” and the tax on income earned by the unit trust will be payable by the unit holders. Therefore, the adjusted profit calculated for the period from 01 April 2019 to 31 March 2020 will not be considered as a part of assessable income of the unit trust for the Y/A 2021/2022.

###### h) Offsetting

Current tax assets and liabilities and deferred tax assets and liabilities are offset only to the extent that they relate to income taxes imposed by the same taxation authority, there is a legal right and intentions to settle on a net basis and it is allowed under the tax law of the relevant jurisdiction.

###### i) Distributions

In accordance with the trust deed, the Fund distributes income adjusted for amounts determined by the CT CLSA Asset Management (Private) Limited, to unit holders by cash or reinvestment. The distributions are recognized in statement of changes in unit holder's funds.

###### j) Increase / decrease in net assets attributable to unit holders

Income not distributed is included in net assets attributable to unit holders

###### k) Applications and redemptions

Applications received for units in the Fund are recorded at creation price. Redemption from the Fund are recorded at redemption price of units redeemed.

###### l) Offsetting income and expenses

Income and expenses are not offset unless required or permitted by the Sri Lanka Accounting Standards.

Notes to the financial statements continued on page 13.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (04) SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 4.1 Financial assets (Continued)

##### 4.1.3. Impairment (Continued)

###### m) Offsetting assets and liabilities

Assets and liabilities are offset and the net amount reported in the statement of financial position only where there is:

- A current enforceable legal right to offset the asset and liability; and
- An intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

###### n) Events occurring after the reporting period

Events occurring after the reporting period are those events, favorable and unfavorable, that occur between the reporting date and the date the financial statements are authorized for issue.

All material and important events that occurred after the reporting date have been considered and appropriate disclosures are made in the financial statements.



Notes to the financial statements continued on page 14.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## (05) INVESTMENT INCOME

Interest on repurchase agreements

	2025 Rs.	2024 Rs.
	31,994,246	22,520,254
	<u>31,994,246</u>	<u>22,520,254</u>

## (06) OPERATING EXPENSES

Management fees

1,250,616

362,873

Trustee fees

831,439

282,621

Custodian fees

290,277

285,078

Audit fees

238,640

220,350

Audit fees under / (over) provision

11,960

(191,576)

Bank charges

15,055

16,141

2,637,987975,487

## (07) TAXATION

According to the provisions of the Inland Revenue Act No. 44 of 2022 (with effect from 19 December 2022), if the unit trust conducts an eligible investment business, it will be treated as "pass-through vehicle" and the tax on income earned by the unit trust will be payable by the unit holders. Therefore, the adjusted profit calculated for the period from 01 April 2024 to 31 March 2025 will not be considered as a part of assessable income of the unit trust for the Y/A 2024/2025.

## (08) CASH AND CASH EQUIVALENTS

	31.03.2025 Rs.	NAV as a percentage	31.03.2024 Rs.	NAV as a percentage
Cash at bank – current account at HNB	820,731	3.12%	328,689	0.33%
	<u>820,731</u>		<u>328,689</u>	

Notes to the financial statements continued on page 15.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (09) FINANCIAL ASSETS- AT AMORTIZED COST

	31.03.2025 Rs.	NAV as a percentage	31.03.2024 Rs.	NAV as a percentage
Investment in repurchase agreements (Note 9.1)	24,700,000	94.01%	98,500,000	97.90%
Interest receivable on repurchase agreement	1,103,882	4.20%	2,225,918	2.21%
	<u>25,803,882</u>	98.21%	<u>100,725,918</u>	100.11%

This represent investment in Resale agreements entirely backed by Government securities. No impairment provisions derived through these investments.

#### (9.1) Investments in repurchase agreements

31 March 2025

Name of Institution	Interest Rate	Investment Date	Maturity Date	Cost (Rs.)	Amortized Cost (Rs.)
First Capital Treasuries	8.00%	3-Feb-2025	5-May-2025	3,200,000	3,239,978
First Capital Treasuries	10.50%	1-Oct-2024	1-Apr-2025	7,500,000	7,892,671
First Capital Treasuries	10.00%	8-Oct-2024	8-Apr-2025	14,000,000	14,671,233
				<u>24,700,000</u>	<u>25,803,882</u>

### (10) ACCRUED EXPENSES AND OTHER PAYABLES

	2025 Rs.	2024 Rs.
Management fees	24,786	79,234
Trustee fees	16,170	60,437
Custodian fees	71,575	72,613
Audit fees and tax consultation fee	238,640	227,159
	<u>351,171</u>	<u>439,443</u>

Notes to the financial statements continued on page 16.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (11) CAPITAL MANAGEMENT

The trust's capital is represented by redeemable units with no par value and is reflected in the statement of financial position as amount attributable to unit holders. In accordance with the accounting policies and the risk management policy in note 16, the Trust endeavours to invest contributions received in appropriate investments, while maintaining sufficient liquidity to meet any withdrawal requests. The terms and conditions attached to units in the Collective Investment Scheme (CIS), can be found in the trust deed.

Movements in the number of units and net assets attributable to unit holders during the year were as follows:

	31.03.2025 Units	31.03.2024 Units	31.03.2025 Rs.	31.03.2024 Rs.
Opening balance	6,323,559	10,312,977	100,615,164	137,553,266
Units issued during the year	99,966,553	387,756	1,615,298,036	5,459,401
Units redeemed / cancelled during the period	(104,777,549)	(4,377,174)	(1,718,996,017)	(63,942,270)
Increase in net assets attributable to unit holders	-	-	29,356,259	21,544,767
Distribution to unit holders	-	-	-	-
Closing balance	<b>1,512,563</b>	<b>6,323,559</b>	<b>26,273,442</b>	<b>100,615,164</b>

As stipulated within the trust deed, each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

#### Capital risk management

CHARTERED ACCOUNTANTS

The Fund considers its net assets attributable to unit holders as capital, notwithstanding net assets attributable to unit holders are classified as an equity. The amount of net assets attributable to unit holders can change significantly on a daily basis as the Fund is subject to daily applications and redemptions at the discretion of unit holders.

#### (11.1) Published net assets per unit

	2025 Rs.	2024 Rs.
Net assets (Rs.)	25,988,846	100,364,967
Total no. of units	1,512,563	6,323,559
Net assets per unit (Rs.)	<b>17.18</b>	<b>15.87</b>

Notes to the financial statements continued on page 17.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (12) ANALYSIS OF FINANCIAL INSTRUMENT BY MEASUREMENT BASIS

#### Summary of Financial Assets and Liabilities

As at 31 March 2025	Measured at Fair Value	Carried at Cost	Amortized Cost	Total
<b>Assets</b>				
Cash and cash equivalents	-	820,731	-	820,731
Financial assets - at amortized cost	-	-	25,803,882	25,803,882
<b>Total</b>	<b>-</b>	<b>820,731</b>	<b>25,803,882</b>	<b>26,624,613</b>

#### Liabilities

Accruals and other payables	-	351,171	-	351,171
<b>Total</b>	<b>-</b>	<b>351,171</b>	<b>-</b>	<b>351,171</b>

As at 31 March 2024	Measured at Fair Value	Carried at Cost	Amortized Cost	Total
<b>Assets</b>				
Cash and cash equivalents	-	328,689	-	328,689
Financial assets - at amortized cost	-	-	100,725,918	100,725,918
<b>Total</b>	<b>-</b>	<b>328,689</b>	<b>100,725,918</b>	<b>101,054,607</b>
<b>Liabilities</b>				
Accruals and other payables	-	439,443	-	439,443
<b>Total</b>	<b>-</b>	<b>439,443</b>	<b>-</b>	<b>439,443</b>

Notes to the financial statements continued on page 18.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (13) FINANCIAL RISK MANAGEMENT

#### Overview

The unit trust has exposure to the following risks via financial instruments.

- Market Risk
- Liquidity Risk
- Credit Risk
- Operational Risk

This note presents information about the unit trust's exposure to each of the above risks and the objectives, policies and processes for measuring and managing risk.

#### (13.1) Risk management framework

The Board of Directors of the managing company has the overall responsibility for the establishment and oversight of the unit trust's risk management framework. The Managing Company has established an Investment Committee (IC) which is tasked with reviewing wide-ranging risk categories that includes market, liquidity, credit and operational risk. The committee members have been assigned the responsibility to manage these risks prudently.

Collective Investment Scheme's (CIS), risk management policies are established to identify and analyse the risk confronted by the unit trust, to set appropriate risk limits and controls and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered.

#### (a) Market Risk

Market risk is the risk which reflect changes in market prices, changing interest rates affecting the unit trust's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risk includes the following elements.

- Overall authority for managing market risk is vested with the Board of Directors.
- The operational authority for managing market risk is vested with the Investment Committee (IC).
- Interest rate risk is managed within the approved limits by the Investment Committee.

Notes to the financial statements continued on page 19.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (13) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Liquidity Risk

Liquidity risk is the risk that the Collective Investment Scheme (CIS), will not have adequate financial resources to meet unit trusts's obligations as when they fall due. This risk arises from mismatches in the timing of cash flows.

Management of liquidity risk includes the following elements:

Taking steps to ensure, as far as possible, that it will always have adequate financial resources to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Collective Investment Scheme's (CIS), reputation.

#### Maturity analysis of the financial assets and financial liabilities

As at 31 March 2025	Carrying amount	Up to 3 months	3 months to 1 year	One to 5 years	Total
	Rs.	Rs.	Rs.	Rs.	Rs.
<b>Assets</b>					
Cash at bank	820,731	-	-	-	820,731
Financial assets at amortised cost	-	25,803,882	-	-	25,803,882
<b>Total financial assets</b>	<b>820,731</b>	<b>25,803,882</b>	<b>-</b>	<b>-</b>	<b>26,624,613</b>

CHARTERED ACCOUNTANTS

Notes to the financial statements continued on page 20.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (13) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (b) Liquidity Risk (Continued)

As at 31 March 2024	Carrying amount	Up to 3 months	3 months to 1 year	One to 5 years	Total
					Rs.
<b>Assets</b>					
Cash at bank	328,689	-	-	-	328,689
Financial assets at amortised cost	-	100,725,918	-	-	100,725,918
<b>Total financial assets</b>	<b>328,689</b>	<b>100,725,918</b>	<b>-</b>	<b>-</b>	<b>101,054,607</b>

#### (c) Credit Risk

Credit risk is the risk of financial loss to the unit trust if a client or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Collective Investment Scheme's (CIS), investment in reverse repo agreements.

Management of credit risk includes the following components:

- Formulating credit policies in consultation with business units covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities.
- Limiting concentration of exposures to counterparties.
- Reviewing compliance through regular audits by audit.

Notes to the financial statements continued on page 21.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (13) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (c) Credit Risk (Continued)

##### Credit quality by class of financial assets

As at 31 March 2025	12 Month Expected Credit Losses	Life Time Expected Credit Losses not credit impaired	Life Time Expected Credit Losses credit impaired	Total
	Rs.	Rs.	Rs.	
<b>Assets</b>				
Cash at bank and in hand	820,731	-	-	820,731
Financial assets - at amortised cost	25,803,882	-	-	25,803,882
<b>Total financial assets</b>	<b>26,624,613</b>	<b>-</b>	<b>-</b>	<b>26,624,613</b>
 <b>As at 31 March 2024</b>				
	12 Month Expected Credit Losses	Life Time Expected Credit Losses not Credit Impaired	Life Time Expected Credit Losses Credit Impaired	Total
	Rs.	Rs.	Rs.	
<b>Assets</b>				
Cash at bank and in hand	328,689	-	-	328,689
Financial assets - at amortised cost	100,725,918	-	-	100,725,918
<b>Total financial assets</b>	<b>101,054,607</b>	<b>-</b>	<b>-</b>	<b>101,054,607</b>

Notes to the financial statements continued on page 22.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (13) FINANCIAL RISK MANAGEMENT (CONTINUED)

#### (d) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's involvement with financial instruments, including processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Collective Investment Scheme's (CIS), objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the business reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall Collective Investment Scheme's (CIS), standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions.
- Requirements for the reconciliation and monitoring of the transaction.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Development of business contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

Compliance with Collective Investment Scheme's (CIS), internal controls and procedures is supported by a programme of periodic reviews undertaken by Investment Committee. The results of reviews are discussed with the management of the business unit with summaries submitted to the Fund administrator of the fund manager.

Notes to the financial statements continued on page 23.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (14) RELATED PARTY TRANSACTIONS

#### a) Responsible entity

The responsible entity of CT CLSA Gilt Edged Fund is CT CLSA Asset Management (Pvt) Ltd.

#### b) Key management personnel

##### (i) Directors

Key management personnel include persons who were directors of CT CLSA Asset Management (Pvt) Ltd at any time during the financial year.

- Ms. Cecilia Page
- Mr. Zakir Mohamedally
- Mr. Joseph Page
- Ms. Bimanee Meepagala
- Ms. Miriam Pietersz
- Mr. Simon Hempel

##### (ii) Other key management personnel

- Ms. Hansini Aravinda	Senior Financial analyst
- Mr. Kuhan Vinayagasingam	Chief Investment Officer

#### c) Key management personnel unit holdings

The key management personnel of CT CLSA Asset Management (Pvt) Limited held units in the fund as follows:

31 March 2025	No of units held at opening	No of units held at closing	Fair value of investment	Interest Held	Distribution paid or payable by the fund
<b>Unit holders</b>			Rs.		Rs.
Ms. Hansini Aravinda	75	75	1,289	0.0000%	-

Notes to the financial statements continued on page 24.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (14) RELATED PARTY TRANSACTIONS (CONTINUED)

#### d) Key management personnel compensation

Key management personnel are paid by CT CLSA Asset Management (Pvt) Limited. Payments are made from the Funds to CT CLSA Asset Management (Pvt) Limited do not include any amounts directly attributable to the compensation of key management personnel.

#### e) Other transactions within the Fund

Apart from those details that are disclosed in this note, no key management personnel have entered into a material contract with the Fund during the financial year and there were no material contracts involving key management personnel's interest existing at year end.

#### f) Related party unit holding

The management company and other related party held units in the fund as follows:

31 March 2025	No of opening units	No of closing units	Fair value of investment	% of Holdings	Distribution paid or payable by the fund
			Rs.		Rs.
<b>Unit holders</b>					
CT CLSA Asset Management (Pvt) Ltd	382,376	921,997	15,841,752	60.96%	-
CT CLSA Holdings Limited	1,802,133	-	-	0.00%	-
CT CLSA Capital (Pvt) Ltd	3,544,118	-	-	0.00%	-

Notes to the financial statements continued on page 25.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### (14) RELATED PARTY TRANSACTIONS (CONTINUED)

#### g) Transactions with and amounts due to related parties

The fee was charged by the management company and trustee for services provided during the year and the balances outstanding from such dues as at year end are disclosed below:

	Charge for the year		Balance outstanding	
	2024/2025	2023/2024	31-03-2025	31.03.2024
	Rs.	Rs.	Rs.	Rs.
Management fees	(1,250,616)	(362,873)	24,786	79,234
Trustee fees	(831,439)	(282,621)	16,170	60,437
Custodian fee	(290,277)	(285,078)	71,575	72,613
	<u>(2,372,332)</u>	<u>(930,572)</u>	<u>112,531</u>	<u>212,284</u>

### (15) COMMITMENTS AND CONTINGENCIES

There were no material commitments or contingent liabilities outstanding at the end of the reporting date.

### (16) EVENTS AFTER REPORTING DATE

There were no any material events occurring after the reporting date 31st March, 2025 that require adjustment or disclosure in the financial statements.

CHARTERED ACCOUNTANTS

**DETAIL NOTES TO THE FINANCIAL STATEMENTS**  
**31ST MARCH**

RECONCILIATION BETWEEN THE NET ASSET VALUE AS PER FINANCIAL STATEMENTS AND THE PUBLISHED NET ASSET VALUE

	Rs. 2025	Rs. 2024
<b>Net asset value as per financial statements</b>	26,273,442	100,615,164
Audit fee adjustment	(46,359)	-
Audit fee payable adjustment	(250,197)	-
Audit fee Under / Over provision adjustment	11,960	(250,197)
<b>Published net asset value as at 31st March</b>	<b>25,988,846</b>	<b>100,364,967</b>
Number of units outstanding	1,512,563	6,323,559
<b>Net asset value per unit</b>	<b>(Note - 11.1)</b>	<b>17.18</b>
		<b>15.87</b>



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